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Message Text

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PAGE 01 TUNIS 04810 081355Z

44
ACTION XMB-04

INFO OCT-01 NEA-10 ISO-00 SP-02 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 USIA-06 OPIC-03 LAB-04

SIL-01 PA-01 PRS-01 /082 W
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R 081250Z AUG 75
FM AMEMBASSY TUNIS
TO SECSTATE WASHDC 9866
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DEPT PASS EXIMBANK FOR CHAIRMAN CASEY

E.O. 11652: N/A
TAGS: EFIN, EINV, OVIP (CASEY, WILLIAM), TS
SUBJ: CASEY VISIT TO TUNISIA

1. SUMMARY: EXIM CHAIRMAN CASEY'S SHORT, BUT HIGHLY USEFUL VISIT TO TUNISIA PRESENTED OPPORTUNITY TO CONTINUE OUR EMPHASIS ON NEED FOR GOT TO LOOK TOWARD INVESTMENT AND EXPORT/COMMERCIAL FINANCING FOR FUTURE LARGE CAPITAL REQUIREMENTS RATHER THAN CONTINUE TO EMPHASIZE ONLY CONCESSIONAL LOANS AND GRANTS. CASEY MET WITH WIDE RANGE OF SENIOR GOT OFFICIALS, EMPHASIZING EXIM READINESS TO PLAY A GREATER ROLE IN FILLING TUNISIA'S FINANCIAL NEEDS. INDUSTRIAL PROJECTS IN 5TH PLAN (BEGINNING 1977) AND U.S. INVESTMENT PROJECTS APPEAR TO HOLD GREATEST PROMISE AT PRESENT. ADVANTAGES OF U.S.-TUNISIAN BUSINESS COUNCIL WERE DISCUSSED WITH HEAD OF API. END SUMMARY.

2. DESPITE HOLIDAY WEEKEND AND VACATION SCHEDULES, VISIT TO TUNIS BY EXIMBANK CHAIRMAN CASEY PERMITTED USEFUL ROUND OF HIGH-LEVEL CONTACTS, REINFORCING U.S. COMMERCIAL INTEREST IN TUNISIA AND INFORMING TUNISIAN OFFICIALS OF
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PAGE 02 TUNIS 04810 081355Z

EXIM READINESS AND AVAILABILITY TO PROVIDE FINANCING FOR

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

SOUND PROJECTS. CASEY MET WITH PRIME MINISTER NOUIRA, MINISTER IN CHARGE OF PLANNING ZAANOUNI, GOVERNOR OF CENTRAL BANK GHENIMA, SEC GEN MIN OF FIANCNE SFAR, PDG OF INVESTMENT PROMOTION AGENCY (API) CHELLI, AND OFFICIALS OF TUNISIAN DEVELOPMENT BANK. LUNCHEON HOSTED BY AMBASSADOR PROVIDED OPPORTUNITY FOR WORKING LEVEL DISCUSSIONS WITH GOVT OFFICIALS AND POTENTIAL EXIM CLIENTS.

3. IN EACH MEETING, CHAIRMAN CASEY EMPHASIZED DESIRE OF EXIM TO EXPAND ITS ACTIVITY IN TUNISIA AND CONCENTRATED ON FUTURE POSSIBILITIES PARTICULARLY IN TANDEM FINANCING WITH TUNISIAN INSTITUTIONS (E.G. BDET) OR IN FINANCING PORTION OF U.S. INVESTMENT PROJECTS. CASEY STRESSED IMPORTANCE OF GOVERNMENT EXPORT CREDIT AND EVENTUALLY STRAIGHT COMMERCIAL CREDIT IN THE LONG-RUN DEVELOPMENT PROCESS, CITING EXIM'S ONE BILLION DOLLAR EXPOSURE IN ALGERIA AS WELL AS CITING TAIWAN, BRAZIL, SOUTH KOREA AND OTHERS AS EXAMPLES OF COUNTRIES WHICH HAVE GRADUATED FROM STAGE OF DEPENDENCE ON CONCESSIONAL FINANCING. CASEY AND TUNISIAN OFFICIALS AGREED THAT TUNISIA AT OR NEAR THIS TRANSITION POINT AND WILL NEED SUBSTANTIALLY GREATER INPUT OF CAPITAL DURING 5TH PLAN THAN WILL BE FORTHCOMING FROM CONCESSIONAL SOURCES. TUNISIAN OFFICIALS, HOWEVER, CITED DISTINCTION BETWEEN INFRASTRUCTURE PROJECTS WHICH WOULD NOT BE SUSCEPTIBLE TO COMMERCIAL TERMS AND DIRECTLY PRODUCTIVE PROJECTS WHOSE PROFITABILITY COULD SUPPORT HIGHER COMMERCIAL TERMS. THE FIFTH PLAN SHOULD CONTAIN SEVERAL MAJOR OPPORTUNITIES FOR EXIM OR OTHER EXPORT FINANCING, IN THEIR OPINION.

4. IN VONVERSATION WITH PRIME MINISTER, CHAIRMAN CASEY EXPRESSED HIS INTEREST IN FOLLOWING UP ON POSSIBILITY OF EXIM ROLE IN FINANCING EQUIPMENT FOR THE "AMERICAN-STYLE" HOSPITAL IN MONASTIR. PM INDICATED SUCH INFRASTRUCTURE PROJECT WOULD NEED FINANCING ON TERMS MORE CONCESSIONAL THAN EXIM CAN CURRENTLY OFFER.

5. MIN PLAN ZAANOUNI EXPRESSED INTEREST INMEETING WITH MR. CASEY IN WASHINGTON DURING IMF/IBRD MEETINGS TO DISCUSS PROJECTS CONTEMPLATED FOR 5TH PLAN WHICH MAY INTEREST U.S. INVESTORS OR MAY BE WELL SUITED TO ECIM FINANCING. ZAANOUNI
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AND CASEY AGREED THAT PERMANENT CONTACT BETWEEN EXIM AND API NEW YORK OFFICE WOULD BE USEFUL, AND CASEY UNDERTOOK TO HAVE IT ESTABLISHED.

6. IN MEETING WITH API HEAD CHELLI, CHAIRMAN CASEY SUGGESTED THAT JOINT U.S.-TUNISIAN BUSINESS COUNCIL COULD ESTABLISH BROAD HIGH-LLEVEL CONTACT WITH U.S. INDUSTRY, THEREBY HELPING TO IDENTIFY THE TWO OR THREE POTENTIAL BELLWETHER INVESTMENTS

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BY BIG-NAME U.S. COMPANIES API BELIEVES NECESSARY TO ATTRACT
SMALLER U.S. FIRMS TO TUNISIA. CASEY NOTED THAT SUCH BUSINESS
COUNCILS WERE OFTEN OFFSHOOTS OF GOVERNMENTAL JOINT COMMISSIONS
AND OF CONSIDERABLY GREATER VALUE VIS-A-VIS U.S. PRIVATE SECTOR.

7. DUE ABSENCE BOURGUIBA JR., HEAD OF BDET, AND HIS DEPUTY,
CASEY MET WITH MICHEL CRIFO, A FRENCHMAN WHO ACTS AS
COUNSELOR AT BDET. DESPITE SOMEWHAT NEGATIVE INITIAL APPROACH
TAKEN BY CRIFO, MEETING WAS USEFUL IN PLANTING SEED FOR POSSIBLE
FUTURE COLLABORATION. CASEY OUTLINED POSSIBILITY FOR BDET
FINANCING OF LOCAL COSTS OF PROJECTS WITH WCIM FINANCING OF U.S.
COSTS AND BOTH UNDERTAKING PROJECT STUDY ON JOINT BASIS. SUCH A
FINANCING PACKAGE WOULD CARRY INTEREST RATE AND TERMS SIMILAR TO
CURRENT BDET TERMS WHILE ECONOMIZING USE OF BDET FOREX RESOURCES.

8. COMMENT: RECENT HEALTHY EXPORT PERFORMANCE COUPLED WITH SUBSTAN-
TIAL INVLOWS OF FUNDS FROM IBRD, WESTERN AID DONORS, AND OIL-PRO-
DUCING STATES ON CONCESSIONAL TERMS HAS LED TO PRESENT SMALL EXIM
EXPOSURE IN TUNISIA. EXIM INTEREST RATE AND TERMS ARE NOT ATTRACT-
IVE GIVEN ALTERNATIVES, INCLUDING "MIXED CREDITS" USED BY COM-
PETITORS FOR EXPORT FINANCING. FURTHERMORE, ARTICUCALLY LOW DOMESTIC
INTEREST RATES FOR COMMERCIAL AND DEVELOPMENT LOANS DISCOURAGE
INDIVIDUAL TUNISIAN END-USERS FROM TURNING TO EXIM FINANCING.
HOWEVER, EDUCATIVE EFFORT UNDERTAKEN BY CASEY WITH TUNISIAN
OFFICIALS TO PLACE FUTURE TUNISIAN FINANCING NEEDS IN PERSPECTIVE
OF EVOLUTION FROM CONCESSIONAL TO COMMERCIAL BASIS WAS VERY USEFUL.
CASEY'S EXPERIENCE WITH OTHER DEVELOPING COUNTRIES AND THEIR FINANCIN
G
NEEDS WAS ASSET IN HELPING AWAKEN TUNISIANS TO REALITIES OF
ECONOMIC TAKEOFF.
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EO Systematic Review
06 JUL 2006

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To: STATE
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